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Canada's Development Assistance to the Commonwealth Caribbean An Overview

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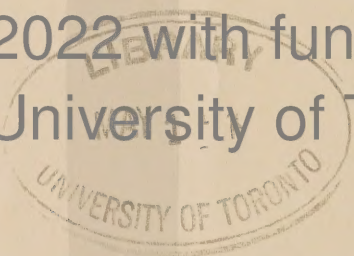
Canada's
Development Assistance
to the
Commonwealth Caribbean

An Overview

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INTRODUCTION

Canada's ties with the Caribbean are older than Confederation. As early as the 17th century France was shipping timber from its colony in Quebec to the West Indies. Later, schooners laden with cod and lumber regularly sailed from British settlements in the Maritimes to return with sugar, molasses, rum and spices from the Caribbean.

In addition to these longstanding sea-trading links, Canada's presence in the region has been evident in tourism, foreign assistance, and private investment. First there were the banks (the Bank of Nova Scotia built a branch in Kingston, Jamaica in 1889 - fully eight years before the first one was built in Toronto). Today, in addition to the Bank of Nova Scotia, the Royal Bank of Canada, the Canadian Imperial Bank of Commerce and the Bank of Montreal are all fully established in the Caribbean. The bauxite deposits in Guyana and Jamaica attracted attention from the aluminum giants of North America, and the Canadian company, Alcan, has, and continues to have, a major involvement in bauxite and aluminum activities of the region. Over the years, the nature of trade has changed but there is still active trading between Canada and the region. In another linkage, many West Indians have come to Canada to study, and, in increasing numbers in recent years, to live, bringing with them a wealth of skills and talents.

Commonwealth Caribbean countries share many common characteristics yet are also diverse in many respects and are geographically isolated from one another. They consist of either island economies such as St. Lucia and St. Kitts and Nevis or the larger continental countries of Guyana and Belize. Some countries (Belize and Guyana) have a large amount of arable land in relation to their population, while in others (Antigua) good arable land is scarce. Many depend largely on imports to feed their populations, placing an enormous strain on foreign exchange reserves. Some are rich in non-renewable resources (bauxite in Jamaica and Guyana; petroleum in Trinidad and Tobago) while others possess few commercially exploitable resources.

Tourism has flourished in some countries (Barbados, Jamaica), while in others exports such as sugar, coconut products and arrowroot have served as the sole source of foreign exchange earnings.

The English language, democratic institutions, cultural ties and a British colonial past are among elements most Caribbean countries have in common with Canada. In the Caribbean, colonialism left in place an economic structure in which populations produce goods they do not consume and consume goods they do not produce.

As a result, Commonwealth Caribbean countries are extremely open economies - in terms of export and import of commodities, taste and consumption patterns, and the degree of tourism, private investment and foreign assistance. This openness has made them dependent and vulnerable to fluctuations of income, employment and prices in North America and Europe.

Despite these factors, growth rates in Caribbean countries have until recently remained relatively high and per capita income is still high in comparison to other developing countries. Some have achieved per capita

gross national product (GNP) in excess of \$3,000* (Barbados, and Trinidad and Tobago) while in others (St. Vincent and Dominica) the level of per capita GNP is \$600 - \$700. Today most Caribbean economies are experiencing economic imbalances and unstable growth. The most serious problems are high unemployment and shortage of foreign exchange.

CIDA'S ASSISTANCE TO THE COMMONWEALTH CARIBBEAN

CIDA's Commonwealth Caribbean development cooperation program concentrates on Jamaica, the mainland country of Guyana and eight of the Leeward and Windward Islands: Grenada, St. Vincent, St. Lucia, Dominica, Antigua, Montserrat, St. Kitts-Nevis and Anguilla. There are smaller programs in Barbados, Belize and Trinidad and Tobago and limited assistance to the Cayman Islands, Turks and Caicos and the British Virgin Islands.

Terms of Financial Assistance

Canada's capital and technical assistance to Caribbean countries is transferred through both loans and grants. There are two types of loans: those with zero per cent interest, 10 years' grace, and 50 years' duration; and those with three per cent interest, seven years' grace, and 30 years' duration. Increasingly, particularly in the weaker economies such as the Leeward and Windward Islands, the program has consisted of grant funds.

BILATERAL ASSISTANCE

In 1958, the fledgling West Indies Federation, formed by Jamaica, Trinidad and Tobago, Barbados and a number of Leeward and Windward Islands, became the first area outside Asia (where certain countries were receiving aid under the Colombo Plan) to receive Canadian development assistance. Canada pledged \$10 million in grants over five years, of which \$7 million was used to support an inter-island transportation system, including two passenger-cargo ships which cost \$5.8 million.

Canada also supported education by training students in Canada and sending teachers and instructors to the islands. Close to \$5 million was spent on construction of some buildings for the University of the West Indies (UWI), including two student and staff residences, a faculty building, and a library, as well as university centres in the smaller islands.

Immediately following the dissolution of the federation, Canadian assistance was continued as a series of separate programs to the individual islands. Appropriations were used primarily to complete capital projects initiated during the federation and to continue the technical assistance program (teachers and advisers) on each island.

Assistance to British Guiana (now Guyana) and British Honduras (now Belize), neither a member of the federation, was extended as part of the Commonwealth Technical Assistance Program introduced in 1958. In 1963, the two countries were included in CIDA's Caribbean program.

* Per capita income figures are expressed in U.S. dollars.

In 1966, Canada pledged a minimum of \$75 million for further assistance to the area over the next five years, a pledge which was exceeded by a third. A separate \$5 million, five-year program for the University of the West Indies was established the same year. Total Canadian bilateral assistance to the Commonwealth Caribbean has amounted to over \$420 million and is now concentrated in the sectors of agriculture, human resources development, energy, and basic infrastructure.

In 1980, Canada decided to give priority status to the Caribbean Commonwealth in its foreign policy and stated its intention to double aid flows to the region over the period 1982-1987. In terms of total volume, the plan is to provide up to \$350 million of assistance to the region between 1982-1987. Of this up to \$270 million would be bilateral assistance. Progress towards meeting this commitment has been good and total ODA to the Caribbean in 1984-85, for example, is expected to be about \$94 million, excluding contributions to the Caribbean Development Bank.

A table of CIDA's bilateral disbursements in the Commonwealth Caribbean for the last three years appears on page 5.

Mission Administered Funds

CIDA provides funds to Canadian embassies and high commissions to enable them to respond quickly to local requests for assistance on small projects. The funds, from CIDA's regular bilateral grant allocations, range from \$100,000 for the smaller islands to a maximum of \$350,000 for the larger territories. Individual projects approved from this source are restricted to maximum expenditures of \$50,000 each.

REGIONAL PROJECTS SUPPORTED BY CIDA

Upgrading Caribbean Airports

CIDA has been providing assistance to the air transportation sector in the Caribbean since the 1960s. A \$75-million project is currently underway to improve and upgrade 22 airports in 13 Commonwealth Caribbean countries over the next five years. The project, dealing with deficiencies identified by the International Civil Aviation Organization, is to ensure that Caribbean civil aviation facilities are of a standard sufficient to permit the continued economic growth and social development of the region. CIDA's program will concentrate on four areas:

- airport management and maintenance;
- fire fighting and rescue;
- telecommunications and navigational aids;
- runway improvements.

University of the West Indies

Canada has assisted the university since the early sixties with grants, scholarships and personnel, and has funded the construction of student residences in Trinidad and Barbados and two faculty buildings in Jamaica and Trinidad.

A management studies program under a twinning arrangement with the University of Western Ontario (UWO) and financed with a grant of \$1 million was completed recently. Another grant of \$995,000 was used for new buildings on the Jamaica and Trinidad campuses. Special course material was developed and UWO professors are acting as consultants and teachers. Some 35 West Indian students have entered UWO's business school for the four-year Master of Business Administration program. They will return to the Caribbean as teachers.

CIDA financed construction of residences for the Marine Biology Laboratory at Discovery Bay, Jamaica with a \$320,000 grant and supports the examinations research unit in its development of standards for school exams throughout the Caribbean (\$237,000 grant).

Other Regional Projects

- A grant of \$870,000 to the Caribbean Project Development Facility to speed development of private and public sector product enterprise in the Caribbean.
- A grant of \$125,000 to upgrade marine navigational aids to international standards.
- A grant of \$3 million to help create and enhance a competent self-sustaining marine capability in 15 Caribbean countries.
- A grant of \$6.3 million to provide two de Havilland Twin Otter aircraft, a maintenance hangar, and associated technical assistance to the Caribbean owned regional commuter airline LIAT.

TABLE I

BILATERAL DISBURSEMENTS IN THE COMMONWEALTH CARIBBEAN, 1980-1984
(\$ million)

	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
Anguilla	.10	.10	.10
Antigua	2.98	.88	.69
Barbados	1.36	.75	2.77
Belize	.41	1.43	2.40
Cayman Is.	.10	.10	
Dominica	2.68	2.19	1.45
Grenada	.45	1.58	.97
Guyana	2.84	2.45	3.15
Jamaica	19.03	8.42	18.77
Montserrat	.17	.14	.10
St. Kitts	.66	.44	.32
St. Lucia	.52	.61	1.41
St. Vincent	.29	.25	.25
Trinidad and Tobago	.93	1.60	.38
Turks and Caicos	.10	.10	.10
Virgin Islands (Br.)	.10	.10	.10
<u>Regional Programs and Institutions</u>			
Regional Programs	.29	1.67	6.69
Leeward and Windward Islands	2.30	4.27	3.81
University of West Indies	.42	.33	.34
<u>TOTAL</u>	<u>35.73</u>	<u>27.41</u>	<u>43.81</u>

MULTILATERAL ASSISTANCE

In addition to projects listed under the heading of regional projects, various multi-country assistance programs to which Canada has contributed have also been of help to Caribbean countries. These multi-country programs include the activities of the United Nations Development Program (UNDP), the World Bank group, the Caribbean Development Bank (CDB) and the Inter-American Development Bank (IDB).

Caribbean Development Bank (CDB)

Canada has been a strong supporter of the CDB since joining as a founding member in 1970. Canada's 14.70 per cent share of Ordinary Capital is equal to that of the United Kingdom, and second only to that of Jamaica and Trinidad/Tobago which hold 18.50 per cent each. Venezuela and Colombia, along with the U.K. and Canada, make up the four non-Caribbean shareholders. Canada's share has given it a prominent role in determining the policies of the Bank and a strong interest in its financial practices.

In 1983, Canada agreed to contribute a further Cdn. \$22.5 million to the newly established Unified Special Development Fund and Cdn. \$1 million for Technical Assistance, bringing Canada's contributions to Concessional Resources to U.S. \$55.5 million, largest among Bank members and second only to the U.S.A. The Unified Special Development Fund allows for loans of longer than normal maturities with deferred commencement of repayment and lower interest rates. The small, less developed Caribbean territories such as St. Lucia, Antigua, Grenada and St. Vincent find this particularly helpful. The U.K., France, Venezuela, Colombia and Italy also contribute to this fund.

Canada has also provided a total of Cdn. \$8.6 million to the Agricultural Fund, and is the sole contributor to the Commercial Livestock Fund (U.S. \$2 million) which supports the region's meat production through the use of sugar-cane-based feed technologies.

ASSISTANCE FROM CIDA'S SPECIAL PROGRAMS BRANCH

Strong cultural and personal links between Canada and the Commonwealth Caribbean have been forged over the years by the work of religious orders, voluntary agencies and other non-governmental organizations (NGOs). The NGOs have not only contributed substantial sums of money, but have carried development cooperation to the grass-roots level by the personal involvement of thousands of Canadian volunteers working in the area.

CIDA's Special Programs Branch encourages the direct participation of Canadians working for development by providing additional funds (up to a three-to-one ratio) to organizations which have already made substantial contributions towards developing a project. The Commonwealth Caribbean is currently receiving development assistance through the following programs:

Non-Governmental Organizations

CIDA is supporting the efforts of some 20 NGOs working at the grass-roots level in the Commonwealth Caribbean. In 1983-84 CIDA's NGO Division contributed \$1.6 million in support of over 60 NGO projects, mainly in the sectors of agriculture and rural development, health, education, and community development.

Institutional Cooperation and Development Services (ICDS)

The aim of CIDA's ICDS Division is to encourage Canadian initiatives which contribute to the human resource capacities of developing countries, especially their institutional and professional infrastructures. In 1983-84, ICDS provided \$2.1 million in support of 65 projects. The main sectors of activity are health and population, housing, education and community development. Several of the projects are regional in nature. The Organization for Cooperation in Development, for example, provides upgrading courses for Caribbean teachers during the summer months.

Management for Change (MFC)

Designed to provide a framework for supporting and developing innovative ways to strengthen the management capabilities of developing countries, this program seeks to identify specific problems encountered by senior-level executives in managing the process of change and promotes collaboration with their counterparts in Canada so that, in their search for practical solutions, each may benefit from the experiences and ideas of the other. The MFC Division provided \$84,000 in support of two projects in 1983-84.

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